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TAGS: [ETTC](#) [PREL](#) [KNNP](#) [MNUC](#) [EFIN](#) [PGOV](#) [PHUM](#) [IR](#) [FR](#)
SUBJECT: POLDIR PROPOSES FURTHER TARGETED IRAN SANCTIONS
AND PR EFFORT

REF: PARIS 01188

Classified By: DCM MARK PEKALA, FOR REASONS 1.4 (B) AND (D)

¶1. (C) SUMMARY: On June 23, Political Director Gerard Araud summoned DCM to talk about Iran. He said his guess was that little would change in the coming months so the question was how to avoid the extremes of acquiescing or resorting to military force. He advocated a two-pronged approach involving intensified discussion of targeted sanctions outside the UN and EU and public relations, both coordinated among a handful of "like-minded" players on the margins of the UN General Assembly in September. END SUMMARY

¶2. (C) French MFA Political Director Araud told DCM that he deemed the EU balance sheet on sanctions unimpressive with the UNSCR 1747 designation list finally adopted only today (i.e. "15 months after") and the list for UNSCR 1803 only to be adopted as common policy at the July 23 GAERC, at the earliest (French concerns about delisting of MEK, for instance, could delay this, reported reftel). Once that was achieved, the French would seek EU approval for supplemental EU measures that go beyond the wording of 1803. However, Araud thought the best hope is for like-minded parties to work together on discreet and carefully targeted measures, citing reinsurance and technology crucial for Iran's oil and gas industries as possibilities to examine. He requested that the U.S. take the lead in comparing notes among the four countries (or more, possibly including Israel or Italy, if the latter is ready to be involved following Berlusconi's return to power), stating that working-level exchange of papers on options would be useful. He said he had already discussed with relevant counterparts the idea of meeting in Washington just before the UNGA begins in September and would follow up with U/S Burns in Kyoto at a G-8 poldirs meeting later this the week. He also wants to discuss this concept with A/S Fried and Treasury U/S Levey, respectively, when they come through Paris in July.

¶3. (C) On "public relations," Araud said he thought that we recently missed a golden opportunity by not introducing a resolution in the IAEA following that the agency's quite negative recent report. Instead, we allowed ourselves to be "strait-jacketed" by the procedural hurdles. He also advocated outreach to non-aligned countries such as Brazil and South Africa to counter the Iranian charm offensive. He indicated that he would work closely with the new MFA spokesman, . Eric Chevallier, to develop a media plan on this issue for the French EU presidency and beyond. Another idea Araud had was to invite IAEA deputy director general Heinonen to address a session of the GAERC during the French EU presidency.

¶4. (C/NF) Araud said the outcome of his recent trip to Tehran

with EU High Representative Javier Solana was "not great" in terms of private discussions, nor even in terms of the culminating press conference. He found the political atmosphere in Tehran oppressive, with most contacts resident there indulging in "Kremlinology" to figure out what is going on within the regime. Iran struck Araud as highly depoliticized but not overly repressive. Iranian women, despite various restrictions, circulated freely with minimal head coverings and even putted about on motor scooters. Araud found the contrast with Saudi Arabia striking. Enormous economic problems were evident, including frequent electricity cuts. The key to the regime's ability to stay in power, according to Araud, is its ability to use oil to buy social peace. But there is no credible opposition, and, if Ahmadi-Nejad is not reelected president, it will be someone from among the conservatives like Larijani. Araud predicted the current system will persist for the next decade or two.

15. (C) Araud noted that he stopped in Jeddah and Abu Dhabi on his way home. He heard from the Saudis that King Abdallah is furious over Iran and the regional situation in general. His view of the Sunni/Shi'a divide has become an obsession. Araud said that Abdallah reportedly wants to see air strikes in Syria and Iran and is focused on a presumed axis linking Syrian President Asad and Iraqi PM Maliki. In Abu Dhabi, by contrast, the Emiratis had a more "sophisticated" view of things. Araud claimed they tried to avoid a limited view and sought to focus not on the Sunni/Shi'a split but on the Arab/Persia divide. This meant, for example, a more open-minded view of dealing with Iraq than was evidenced in other Gulf states. In a final word on the impact of sanctions, Araud said that he heard the Iranians had asked

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the Bahraini ambassador for help moving money. Araud's understanding was that the Iranians are finding it more difficult than ever to transfer money even through banks in Dubai and scraping together even small amounts of hard currency (Araud cited one story whereby the Iranians were hard pressed to come up with 6000 euros to transport sniffer dogs to Iran). Still, these inconveniences may complicate Iran's ability to transfer money and obtain credit, but it is raking in revenues nevertheless from gas and oil.

16. (C) COMMENT: The Elysee and leadership at the MFA have been clear in their desire to apply further pressure on the Iranian regime, if necessary outside the UN or EU context. At the same time, the Economics Ministry apparatus -- and some some MFA offices -- has been scrupulous in its attention to having legal cover for any added burdens on French financial and economic actors that Iran sanctions measures impose, often implying but not absolutely requiring a multilateral mandate. Alluding to this, Araud acknowledged that his Economics Ministry counterpart, Xavier Musca, has special concerns and, furthermore, takes his orders from the Elysee economic advisor, not the Elysee diplomatic advisor. We need to be sure to work with all three GOF players if we want to support this coalition of the willing approach. END COMMENT.

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